

Message Text

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17

ACTION EUR-25

INFO OCT-01 ARA-16 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 SAJ-01 NIC-01 EB-11 COME-00 TRSE-00

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 8765

INFO AMEMBASSY BELGRADE

USMISSION BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUENOS AIRES

AMEMBASSY BUDAPEST

AMEMBASSY HELSINKI

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

USEC BRUSSELS 557

USMISSION NATO

AMEMBASSY WARSAW

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E.O. 11652: N/A

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SUBJECT: ARGENTINA AND CEMA

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1. SUMMARY. ESTABLISHMENT OF ARGENTINE TIES WITH COUNCIL FOR MUTUAL ECONOMIC ASSISTANCE (CEMA) WOULD BE FURTHER GAIN IN SOVIET DRIVE TO PORTRAY CEMA AS AN IMPORTANT ECONOMIC BLOC COMPARABLE TO EEC. EMBASSY BELIEVES THAT
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ARGENTINE LINK, IF NEGOTIATED, WOULD NOT BE FULL MEMBER-

SHIP BUT SOMETHING SIMILAR TO SPECIAL RELATIONSHIP WITH CEMA ACQUIRED BY FINLAND IN 1973. MAIN, IMMEDIATE ADVANTAGE FOR CEMA WOULD BE PRESTIGE, POLITICAL PRESENCE. IMMEDIATE ADVANTAGE FOR ARGENTIA NOT APPARENT, ASIDE FROM POSSIBLE RUBLE CREDIT FROM CEMA INTERNATIONAL INVESTMENT BANK. END SUMMARY.

2. MAY 7 MEETING IN MOSCOW BETWEEN CEMA EXECUTIVE SECRETARY FADEEV AND HEAD OF VISITING ARGENTINE ECONOMIC DELEGATION GELBARD HAS BEEN FOLLOWED BY SPECIFIC ANNOUNCEMENT IN SOVIET-ARGENTINE COMMUNIQUE THAT ARGENTINA WILL ESTABLISH TIES WITH CEMA IN NEAR FUTURE. ESTABLISHMENT OF CEMA-ARGENTINE LINK WOULD, IN EMBASSY'S VIEW, BE FURTHER AND SIGNIFICANT STEP FORWARD IN SOVIET CAMPAIGN TO BUILD UP CEMA IMAGE AS IMPORTANT ECONOMIC ORGANIZATION COMPARABLE TO THE COMMON MARKET.

3. AS EMBASSY HAS REPORTED OVER PAST YEAR, SOVIETS HAVE BEEN STEADILY PUSHING CEMA CONTACTS WITH NON-COMMUNIST COUNTRIES, OTHER ECONOMIC BLOCS AND INTERNATIONAL ORGANIZATIONS. IN MOSCOW CEMA SECRETARIAT HAS WELCOMED VISITS FROM DELEGATIONS REPRESENTING MEXICO, SOUTH YEMEN, OTHER LDC'S. POSSIBLE CEMA COOPERATION WITH EEC AND WITH NORDIC COUNCIL HAS BEEN REPEATEDLY PROPOSED, AND AT RECENT APRIL MEETING OF CEMA INSTITUTE SOVIET MEDIA WERE CAREFUL TO NOTE ATTENDANCE BY OFFICIALS FROM FINLAND, A UN ORGANIZATION AND THE DANUBE COMMISSION.

4. WE DOUBT THAT ARGENTINA WILL BECOME FULL MEMBER OF CEMA. WE THINK IT POSSIBLE, HOWEVER, THAT CEMA SECRETARIAT (READ SOVIETS) WILL ENCOURAGE SOME KIND OF JOINT ARGENTINE-CEMA COMMISSION RELATIONSHIP SUCH AS THAT CONCLUDED WITH FINLAND IN 1973. AT PRESENT FINLAND IS ONLY NON-COMMUNIST COUNTRY HAVING FORMAL TIES WITH CEMA, AN ARRANGEMENT WHICH PERMITS ECONOMIC COOPERATION THROUGH A JOINT COMMISSION, BUT DETAILS ARE STILL IN PLANNING STAGE.

5. ARGENTINA WOULD ALSO BE LOGICAL CANDIDATE FOR AGREEMENT WITH CEMA INTERNATIONAL INVESTMENT BANK (IIB), THEREBY BECOMING ELIGIBLE FOR LOAN FROM IIB ONE-BILLION RUBLE FUND FOR AID TO DEVELOPING COUNTRIES.
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6. IMMEDIATE ADVANTAGE FOR CEMA IN ARGENTINE AFFILIATION WOULD BE PRESTIGE. IMMEDIATE ADVANTAGE FOR ARGENTINA - ASIDE FROM POSSIBLE IIB CREDIT - IS NOT APPARENT. UP TO NOW ADVANTAGES OF JOINT COMMISSION RELATIONSHIP FOR FINLAND - WHICH HAS BEEN FORCED TO PAY HIGH WORLD MARKET PRICES FOR SOVIET OIL - APPEAR VERY MEAGER INDEED.
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